



County of Los Angeles

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May 22, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
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Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

FEDERAL LEGISLATIVE UPDATE

State and Local Fiscal Relief in Economic Stimulus Bill

Senate and House conferees reached agreement today on H.R. 2, a \$350 billion economic stimulus/tax relief package, which includes \$20 billion in fiscal relief for states.

Half of the fiscal relief would be provided in the form of a 2.95% increase in the Federal Medicaid match rate ("FMAP") for the last two quarters of Federal Fiscal Year (FFY) 2003 and the first three quarters of FFY 2004. California's FMAP would increase to 52.95% during this time period. The FMAP increase would apply only to Medicaid medical assistance payments, excluding disproportionate share hospital payments. To qualify for an FMAP increase, a state's Medicaid eligibility must be no more restrictive than the eligibility under its Medicaid plan as of September 2, 2003.

The remaining \$10 billion would be allocated to states over two years (FFYs 2003 and 2004) based on their percentage share of the total U.S. population, with a small state minimum guarantee of .05%. The California Institute estimates that California would receive \$1.16 billion. States would be allowed to use the funds for "essential government services."

Under the previous Senate-passed version, \$4 billion would have been allocated to units of general local government, including counties, based on population. The conferees also did not include \$48 million to reimburse undocumented immigrant emergency health costs,

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which had been included in the Senate bill. The President has indicated that he will sign the economic stimulus bill, which Congress is likely to pass before it begins its Memorial Day recess.

We will continue to keep you advised of any new developments.

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c: Executive Officer, Board of Supervisors
 County Counsel
 All Department Heads
 Legislative Strategist